

NEWS RELEASE from

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FOR IMMEDIATE RELEASE

THREE ILLINOIS DEMOCRATIC LAWMAKERS RESPOND TO
BUSH ADMINSTRATION DECISION ON CHINA TRADE CASES

Rejections of Labor and Currency Complaints Strongly Condemned

[Washington, D.C.] Yesterday, the Bush Administration rejected the AFL-CIO’s petition challenging China’s abuse of labor standards under Section 301 of the 1974 Trade Act.

According to Congressman Lane Evans (IL-17th), “The rejection of the AFL-CIO's petition for the investigation of working conditions in China shows that this Administration is willing to turn a blind eye to the needs and rights of workers in China and the US. Our workers cannot compete against those who are forced to work in horrendous conditions for starvation wages. As leaders of the free world, the US should not and cannot sit idly by as others are forced to live and work in sub-human conditions. This decision by the Bush Administration does just that.”

Congresswoman Jan Schakowsky (IL-9th), Ranking Democrat on the House Commerce, Trade and Consumer Protection Subcommittee, stated: "The Bush Administration's decision to reject the AFL-CIO's 301 petition is disappointing but not surprising. At a time when the Bush Administration's number one economic priority should be to create jobs here at home, President Bush is instead ignoring the needs of America's workers and is failing his moral obligation to the international workforce."

The Administration also stated it would not accept a forthcoming complaint concerning China’s fixed currency peg of 8.28 yuan to the dollar, which has been in effect since 1994. This 301 petition was about to be filed by the Fair Currency Alliance (FCA), which includes over forty labor and business groups. The FCA argues the Chinese purposely undervalue their currency through the controlled peg, which results in an unfair trade subsidy by making Chinese goods 15-40 percent less expensive.

For almost thirty years, the 301 process has been an important tool in addressing unjustifiable and unreasonable practices by U.S. trade partners that have hurt U.S. manufacturers, farmers and workers. If the administration accepted these petitions, the U.S. Trade Representative would have brought the cases to the World Trade Organization for dispute resolution procedures. Successful litigation would allow the U.S. to levy sanctions until the Chinese stop the labor abuses and currency manipulation.

“This is a shock to a lot of manufacturers, labor organizations and Members of Congress,” said Congressman William O. Lipinski (IL-3rd). “Absent legislation from Congress, these two petitions were the only means to address the enormous U.S. trade imbalance with China through international law; China continues to cheat and our government continues to look the other way.”

Instead, the Administration argues that bilateral negotiations will satisfy the concerns of labor and business.

In regard to the currency, USTR Robert Zoellick stated: “These consultations, and market forces within China itself, appear to be moving China’s policy in the right direction, as is evidenced by the statements of Chinese officials.”

The Democratic lawmakers responded by pointing out People’s Bank of China Deputy Governor Li Ruogo’s comments in March at the G10 summit in Switzerland. Asked by reporters whether there was an imminent plan to revalue the yuan, Li said: “No...I don’t think there is pressure.” Asked if he thought the yuan was correctly valued now, he replied “Certainly I do.”

Also in March, Chinese Premier Wen Jiabao repeated Beijing’s mantra that the currency would be kept “basically stable at a rational and balanced level” this year.

In an interview with Reuters yesterday, Wen stated China would do everything to slow its economic growth but revalue the yuan. “If we change the system rashly, it will certainly bring unpredictable problems to the domestic economy...” the Chinese premier said.

According to Lipinski: “Public comments by top Chinese officials cannot lead to any reasonable conclusion that corrective action will be taken soon. In the meantime, Illinois will continue to lose manufacturers and good paying industrial jobs.”

Lipinski also called for Congress to pass H.R. 3058, a bill that would threaten sanctions if the Chinese fail to revalue their currency.